

***Utilization Statistics
for the
North Carolina Health Choice
Program***

October 2000 - September 2003

***Corporate Analysis and Risk Assessment
December 19, 2003***



**BlueCrossBlueShield
of North Carolina**

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NC Health Choice Annual Utilization Study October 2000 Through September 2003

Introduction

This document provides health care cost and utilization data for members of the North Carolina Health Choice (NCHC) group for services incurred from October 2000 through September 2003. The data have not been adjusted for outstanding claims.

Norms are based on all dependent youth (under age 19) from the State of North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. Norms have not been age and sex adjusted.

Inpatient utilization rate and charge statistics exclude admission data with a length of stay greater than 30 days or allowed charges greater than \$60,000. However, payment data include these admissions. Table 17 lists the costly admissions (admissions incurring more than \$50,000 in payments).

Because there were so few members in the Extended Coverage segment, their utilization and cost behaviors are not analyzed. However, their data are included in the tables.

Demographics

The average monthly enrollment from October 2002 through September 2003 (FY 2003) was 102,080 members. Non-Copay members comprised almost two-thirds of this total. The sex distribution of both segments was about half male and half female. About half of all members were between 6 and 12 years old. Most members were white (51 percent), while 33 percent were African-American.

Membership rose 29 percent above that of FY 2002 (October 2001 through September 2002).

Inpatient Utilization and Average Charges

Inpatient utilization decreased slightly during FY 2003. Utilization was below the norm for the Non-Copay segment, but comparable to the norm for the Copay segment.

The average charge per admission remained stable for both the Copay and the Non-Copay segments. However, the average charge per day rose for the Non-Copay segment, but decreased for the Copay segment.

Respiratory diseases was the most common diagnostic category, accounting for close to 22 percent of all admissions. Injury and poisoning, digestive diseases, mental disorders, and endocrine diseases each accounted for approximately another 10 percent of admissions.

Outpatient Utilization and Average Charges

Hospital outpatient, ambulatory surgery, and emergency department utilization exceeded the norm in FY 2003. The hospital outpatient and ER visit rates both remained relatively stable, while the ambulatory surgery visit rate increased in FY 2003.

**NC Health Choice
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In the emergency room setting, the emergent, urgent, and non-urgent utilization rates were well above their norms.

In both the hospital outpatient and ambulatory surgery settings, the average charge per visit for the total group was greater than the norm, while the group's average emergency room charge was well below the norm.

Office Visit Utilization and Average Charges

The office visit utilization rate remained stable, reflecting a slight increase in the visit rate to primary care providers while the specialist visit rate decreased slightly. Utilization was comparable to the norm for the primary care setting, but slightly above the norm for the specialist setting. On the other hand, the average charge per visit was less than the norm for primary care visits, but greater than the norm for specialist visits.

Overall, outpatient utilization of mental health services was greater than the norm. Visit rates for mental health and alcohol abuse each declined, while that for drug abuse increased.

Payments

Payments per member per month increased in FY 2003 and were significantly higher than the norm. As this is preliminary data which has not been adjusted to account for outstanding claims, it is to be expected that payments and utilization will continue to rise for some months.

Institutional payments increased moderately for both the Non-Copay and Copay segments. For both segments, institutional payments were well above the norm.

The large increase in professional payments was attributable, primarily, to higher office and drug payments. Professional payments were higher than the norm.

Payments for "other" (including drugs), respiratory diseases, injury and poisoning, nervous system diseases, and mental disorders, were all higher than the norm. Since Health Choice does not cover pregnancy, payments for perinatal conditions and congenital anomalies were well below the norm.

Costly admissions (admissions which incurred payments greater than \$50,000) added over \$1 to the pmpm payment.

Table 1
NC Health Choice
Demographics - Average Annual Enrollment
October 2002 Through September 2003

Age Groups

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|---------|------------------|--------------|---------------------|--------------------|
| 0 | 7 | 97 | 0 | 104 |
| 1 - 5 | 9,199 | 12,701 | 23 | 21,923 |
| 6 - 12 | 32,900 | 15,521 | 41 | 48,462 |
| 13 - 18 | 21,444 | 9,869 | 29 | 31,342 |
| 19 + | 179 | 70 | 0 | 249 |
| Total | 63,729 | 38,258 | 93 | 102,080 |

Gender

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|--------|------------------|--------------|---------------------|--------------------|
| Female | 31,448 | 18,726 | 50 | 50,224 |
| Male | 32,281 | 19,532 | 43 | 51,856 |
| Total | 63,729 | 38,258 | 93 | 102,080 |

Ethnicity

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|----------|------------------|--------------|---------------------|--------------------|
| Asian | 946 | 466 | 2 | 1,414 |
| Black | 22,467 | 10,248 | 13 | 32,728 |
| Hispanic | 6,184 | 4,113 | 1 | 10,299 |
| Indian | 1,343 | 537 | 1 | 1,881 |
| White | 29,682 | 20,841 | 71 | 50,594 |
| Other | 1,994 | 1,133 | 2 | 3,128 |
| Unknown | 1,113 | 920 | 4 | 2,037 |
| Total | 63,729 | 38,258 | 93 | 102,080 |

Table 2
NC Health Choice
Demographics - Percentage of Membership
October 2002 Through September 2003

Age Groups

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|---------------|------------------|--------------|---------------------|--------------------|
| 0 years | 0% | 0% | 0% | 0% |
| 1 - 5 years | 14% | 33% | 25% | 21% |
| 6 - 12 years | 52% | 41% | 44% | 47% |
| 13 - 18 years | 34% | 26% | 31% | 31% |
| 19 + years | 0% | 0% | 0% | 0% |

Gender

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|--------|------------------|--------------|---------------------|--------------------|
| Female | 49% | 49% | 54% | 49% |
| Male | 51% | 51% | 46% | 51% |

Ethnicity

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Ext Coverage</u> | <u>Total Group</u> |
|----------|------------------|--------------|---------------------|--------------------|
| Asian | 2% | 1% | 2% | 1% |
| Black | 36% | 27% | 15% | 33% |
| Hispanic | 10% | 11% | 1% | 10% |
| Indian | 2% | 1% | 1% | 2% |
| White | 47% | 56% | 79% | 51% |
| Other | 3% | 3% | 2% | 3% |

Figure 1: Membership Distribution by Age

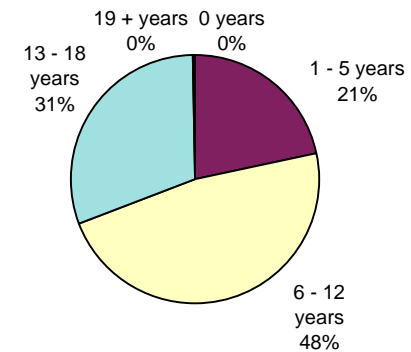
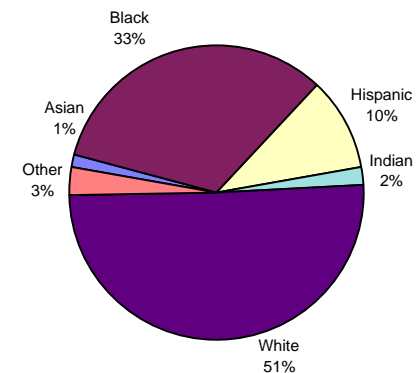
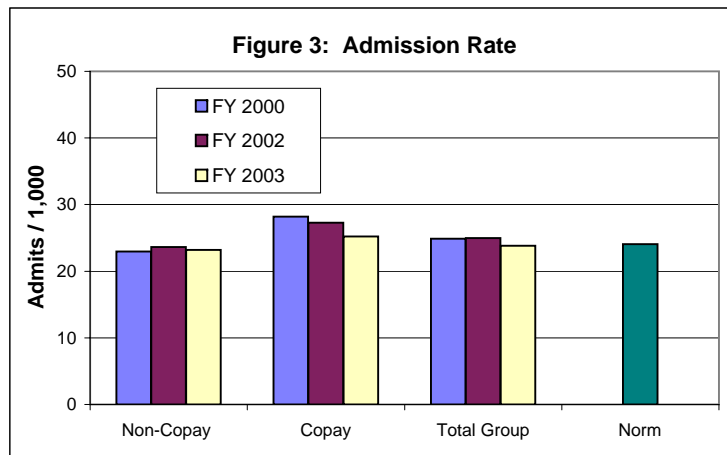


Figure 2: Membership Distribution by Ethnicity



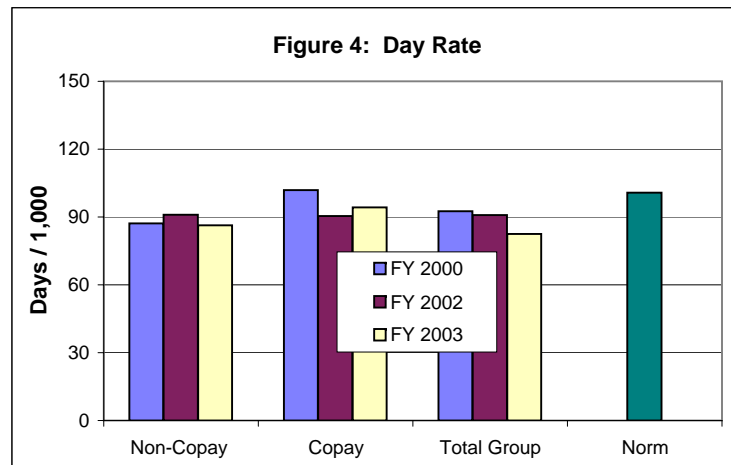
NC Health Choice Inpatient Utilization October 2000 Through September 2003



The admission rate for the total group fell 5 percent to 23.8 admissions per 1,000 members (Table 3). The rate was consistent with the norm

The admission rate for the Copay segment fell 8 percent, while that of the Non-Copay segment remained stable at 23 percent. The rate for the Copay segment was comparable to the norm, while that of the Non-Copay segment was less than the norm.

Respiratory diseases accounted for more than one-fifth of all admissions (Table 4) and was above the norm. Admission rates for all categories were fairly stable between 2002 (data not shown) and 2003. Admission rates were below the norm for pregnancy and perinatal conditions due in part to more restrictive eligibility conditions imposed on HealthChoice members.

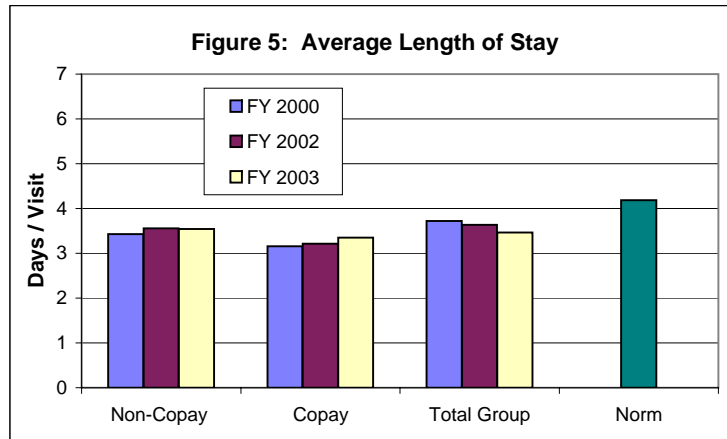


The day rate for the total group decreased 9 percent to 82.6 hospital days per 1,000 members. The rate was 18 percent below the norm

The day rate for the Non-Copay segment decreased 5 percent to 86.4 days per 1,000 members, and the Copay segment increased 4 percent to 94.2 days per 1,000.

Since this is preliminary data, it is to be expected that 2003 utilization rates will rise over the next several months.

NC Health Choice Inpatient Utilization October 2000 Through September 2003



The average length of stay for the total group decreased 5 percent to 3.5 hospital days per visit. The rate was 17 percent below the norm

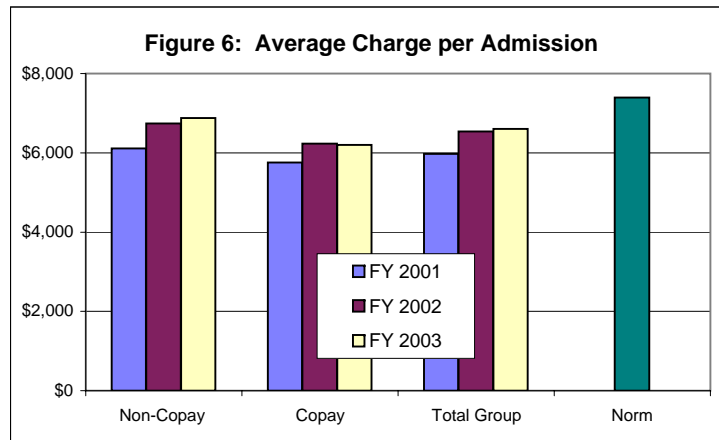
The average length of stay remained stable at 3.5 days for the Non-Copay segment and increased 4 percent to 3.3 days for the Copay segment. Although the average length of stay for the Non-Copay segment was higher than for the Copay segment, they were both below the norm.

As in each previous fiscal year, UNC Hospitals had the most admissions in FY 2003 (Table 5). Frye Regional Medical Center had the highest average length of stay among North Carolina hospitals, and North Carolina Baptist Hospital had the highest average charge.

Mecklenburg County had the highest number of admissions as well as the greatest membership (Table 6). Among counties with more than 10 admissions, Wilkes County had the greatest average length of stay (7.8 days) and the highest average allowed charge (\$18,521 per admission)

The inpatient utilization rates for mental disorders decreased for acute care hospitals (Table 7) and for psychiatric facilities (Table 8). For the Non-Copay segment utilization decreased in the acute care facility. For Copay, the decrease was most pronounced in psychiatric facilities where the day rate dropped 22 percent. Generally, utilization was above the norm in the acute care setting, and was significantly above the norm in the specialty psychiatric setting.

NC Health Choice Inpatient Charges October 2000 Through September 2003

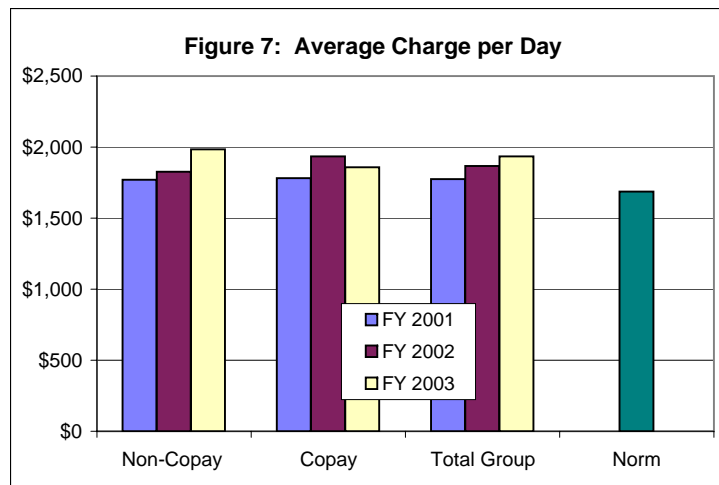


The average charge per admission during FY 2003 remained stable at \$6,603, but remained well below the norm (Table 3).

The average charge remained stable for both the Non-Copay and the Copay segments.

As noted earlier, of the counties with at least 11 admissions, Wilkes County had the highest average charge per admission. Anson County had the lowest (Table 6).

The average charge per mental health admission rose 6 percent for acute care hospitals but was below the norm (Table 7). Among psychiatric hospitals, the average charge remained stable, but was above the norm (Table 8). In both settings the average charge per admission increased significantly for Copay members.



The average charge per day increased 4 percent to \$1,935 (Table 3). This was 15 percent above the norm.

The average charge increased for the Non-Copay segment, but decreased for the Copay segment in FY 2003.

Among acute care hospitals, the average charge per day for psychiatric admissions increased in FY 2003 (Table 7). Both segments contributed to this increase. It was greater than the norm. The average charge per day at psychiatric hospitals increased slightly, but was below the norm (Table 8). The average charge per day increased for both segments in this setting.

Table 4
NC Health Choice
Inpatient Utilization Statistics by Diagnostic Classification
Acute Care Hospitals
October 2002 Through September 2003

| | <u>Admissions per 10,000</u> <u>Members</u> | | <u>Percentage of Total</u> <u>Admissions</u> | |
|---|--|-------------|---|-------------|
| | <u>NCHC</u> | <u>Norm</u> | <u>NCHC</u> | <u>Norm</u> |
| INFECTIOUS AND PARASITIC DISEASE | 15.1 | 11.9 | 6.3% | 4.8% |
| NEOPLASM | 6.9 | 8.2 | 2.9% | 3.3% |
| ENDOCRINE,NUTRITIONAL,METABOLIC, IMMUNITY | 24.0 | 15.6 | 10.0% | 6.3% |
| BLOOD & BLOOD FORMING ORGANS | 4.6 | 5.0 | 1.9% | 2.0% |
| MENTAL DISORDERS | 27.1 | 19.5 | 11.3% | 7.8% |
| NERVOUS SYSTEM & SENSE ORGANS | 7.3 | 8.4 | 3.0% | 3.4% |
| CIRCULATORY SYSTEM | 3.6 | 2.8 | 1.5% | 1.1% |
| RESPIRATORY SYSTEM | 52.0 | 41.1 | 21.7% | 16.5% |
| DIGESTIVE SYSTEM | 26.0 | 17.9 | 10.8% | 7.2% |
| GENITOURINARY SYSTEM | 11.9 | 7.0 | 5.0% | 2.8% |
| PREGNANCY, CHILDBIRTH, PUERPERIUM | 3.9 | 19.3 | 1.6% | 7.8% |
| DISEASES OF THE SKIN & SUBCUTANEOUS TISSUE | 4.7 | 2.7 | 2.0% | 1.1% |
| DISEASES OF THE MUSCULOSKELETAL SYSTEM & CONNENTIVE TISSUE | 7.1 | 2.9 | 3.0% | 1.2% |
| CONGENITAL ANOMALIES | 4.8 | 10.7 | 2.0% | 4.3% |
| CONDITIONS IN THE PERINATAL PERIOD | 0.4 | 40.4 | 0.2% | 16.2% |
| SYMPTOMS, SIGNS & ILL DEFINED CONDITIONS | 12.1 | 12.3 | 5.0% | 4.9% |
| INJURY & POISONING | 27.1 | 22.3 | 11.3% | 9.0% |
| OTHER | 1.1 | 0.7 | 0.5% | 0.3% |

Table 5
NC Health Choice
Top 25 Most Frequently Used Hospitals
October 2002 Through September 2003

| | <u>Number of Admissions</u> | <u>Average Length of Stay</u> | <u>Average Allowed Charge per Admission</u> |
|--------------------------------------|---------------------------------|-----------------------------------|---|
| U N C HOSPITALS | 196 | 5.77 | \$10,144 |
| MEMORIAL MISSION HOSPITAL | 171 | 4.12 | \$6,344 |
| NORTH CAROLINA BAPTIST HOSPITAL | 144 | 5.60 | \$11,532 |
| DUKE UNIVERSITY HOSPITAL | 109 | 4.72 | \$10,710 |
| CAROLINAS MEDICAL CENTER | 107 | 4.12 | \$7,592 |
| PITT COUNTY MEMORIAL HOSPITAL | 93 | 5.35 | \$10,447 |
| MOSES H CONE MEMORIAL HOSPITAL | 88 | 4.38 | \$3,707 |
| WAKEMED | 71 | 3.92 | \$5,672 |
| GASTON MEMORIAL HOSPITAL | 67 | 4.25 | \$5,121 |
| NEW HANOVER REGIONAL MEDICAL CENTER | 58 | 2.59 | \$4,565 |
| FRYE REGIONAL MEDICAL CTR | 56 | 6.27 | \$8,468 |
| CAPE FEAR VALLEY MEDICAL CENTER | 53 | 3.64 | \$6,980 |
| PRESBYTERIAN HOSPITAL | 51 | 4.22 | \$4,497 |
| FORSYTH MEMORIAL HOSPITAL | 47 | 5.13 | \$6,346 |
| LENOIR MEMORIAL HOSPITAL | 47 | 2.53 | \$2,818 |
| WAYNE MEMORIAL HOSPITAL | 44 | 3.57 | \$4,161 |
| OUT OF STATE | 43 | 4.53 | \$5,744 |
| CARTERET GENERAL HOSPITAL | 39 | 2.90 | \$2,649 |
| HARRIS REGIONAL HOSPITAL | 38 | 2.29 | \$2,837 |
| NORTHEAST MEDICAL CENTER | 38 | 2.79 | \$4,411 |
| COLUMBUS COUNTY HOSPITAL | 34 | 2.03 | \$2,681 |
| FIRSTHEALTH RICHMONDMEMORIAL HOSP. | 34 | 2.18 | \$2,740 |
| WATAUGA MEDICAL CENTER | 32 | 2.44 | \$2,631 |
| SOUTHEASTERN REGIONAL MEDICAL CENTER | 31 | 3.39 | \$3,493 |
| DAVIS MEDICAL CENTER | 30 | 3.07 | \$3,873 |
| ALL OTHER HOSPITALS | 726 | 2.38 | \$3,554 |

Table 6
NC Health Choice
Utilization by County of Residence
October 2002 Through September 2003

| | <u>Members</u> | <u>Admissions</u> | <u>Average Length of Stay</u> | <u>Average Charge per Admission</u> |
|------------|----------------|-------------------|-----------------------------------|---|
| ALAMANCE | 1,552 | 38 | 3.4 | \$5,393 |
| ALEXANDER | 445 | 12 | 3.8 | \$4,293 |
| ALLEGHANY | 203 | 7 | 3.3 | \$5,969 |
| ANSON | 365 | 22 | 2.4 | \$3,522 |
| ASHE | 524 | 18 | 2.6 | \$4,759 |
| AVERY | 374 | 24 | 3.3 | \$5,302 |
| BEAUFORT | 726 | 16 | 2.1 | \$4,265 |
| BERTIE | 345 | 3 | 2.0 | \$7,165 |
| BLADEN | 658 | 13 | 2.9 | \$6,517 |
| BRUNSWICK | 1,360 | 42 | 3.3 | \$6,868 |
| BUNCOMBE | 3,251 | 100 | 4.3 | \$7,349 |
| BURKE | 1,031 | 29 | 4.0 | \$9,611 |
| CABARRUS | 1,385 | 40 | 3.6 | \$8,954 |
| CALDWELL | 774 | 24 | 5.6 | \$12,165 |
| CAMDEN | 123 | 3 | 1.7 | \$2,225 |
| CARTERET | 915 | 42 | 3.2 | \$3,825 |
| CASWELL | 319 | 5 | 1.2 | \$3,014 |
| CATAWBA | 1,858 | 36 | 4.3 | \$8,321 |
| CHATHAM | 480 | 8 | 2.0 | \$5,219 |
| CHEROKEE | 593 | 22 | 3.0 | \$4,138 |
| CHOWAN | 171 | 1 | 5.0 | \$4,178 |
| CLAY | 193 | 2 | 2.0 | \$2,173 |
| CLEVELAND | 1,170 | 17 | 4.6 | \$7,026 |
| COLUMBUS | 1,095 | 48 | 3.8 | \$8,718 |
| CRAVEN | 1,019 | 17 | 3.1 | \$5,741 |
| CUMBERLAND | 3,019 | 56 | 2.9 | \$6,188 |
| CURRITUCK | 230 | 9 | 3.4 | \$14,251 |
| DARE | 458 | 8 | 1.8 | \$3,955 |
| DAVIDSON | 1,800 | 50 | 3.8 | \$6,953 |
| DAVIE | 436 | 12 | 5.1 | \$7,655 |
| DUPLIN | 860 | 19 | 3.3 | \$4,911 |
| DURHAM | 2,360 | 48 | 3.2 | \$5,915 |
| EDGECOMBE | 941 | 5 | 2.0 | \$5,100 |
| FORSYTH | 2,733 | 67 | 3.9 | \$6,692 |
| FRANKLIN | 840 | 22 | 5.0 | \$13,267 |
| GASTON | 1,895 | 63 | 3.8 | \$6,416 |
| GATES | 152 | 4 | 1.8 | \$6,139 |
| GRAHAM | 203 | 4 | 1.3 | \$2,139 |

Table 6
NC Health Choice
Utilization by County of Residence
October 2002 Through September 2003

| | <u>Members</u> | <u>Admissions</u> | <u>Average Length of Stay</u> | <u>Average Charge per Admission</u> |
|---|----------------|-------------------|-----------------------------------|---|
| Blue Cross Blue Shield of North Carolina December 19, 2003 | | | | |
| GRANVILLE | 590 | 13 | 2.70 | \$8,192 |
| GREENE | 264 | 6 | 5.50 | \$8,962 |
| GUILFORD | 4,505 | 85 | 3.40 | \$6,116 |
| HALIFAX | 810 | 16 | 4.00 | \$7,180 |
| HARNETT | 1,320 | 38 | 3.00 | \$6,899 |
| HAYWOOD | 837 | 17 | 3.30 | \$7,559 |
| HENDERSON | 1,468 | 48 | 3.90 | \$7,797 |
| HERTFORD | 367 | 4 | 3.50 | \$10,987 |
| HOKE | 578 | 12 | 2.90 | \$6,552 |
| HYDE | 103 | 2 | 33.50 | \$70,771 |
| IREDELL | 1,208 | 39 | 3.30 | \$6,895 |
| JACKSON | 543 | 19 | 2.60 | \$4,029 |
| JOHNSTON | 1,952 | 48 | 3.60 | \$8,005 |
| JONES | 214 | 5 | 2.00 | \$5,427 |
| LEE | 628 | 7 | 2.90 | \$7,426 |
| LENOIR | 994 | 48 | 2.60 | \$4,464 |
| LINCOLN | 604 | 12 | 2.70 | \$4,860 |
| MACON | 668 | 23 | 3.10 | \$6,097 |
| MADISON | 421 | 8 | 2.80 | \$7,235 |
| MARTIN | 311 | 12 | 4.30 | \$6,726 |
| MCDOWELL | 483 | 20 | 3.00 | \$7,361 |
| MECKLENBURG | 7,035 | 126 | 3.70 | \$6,327 |
| MITCHELL | 321 | 12 | 3.60 | \$7,821 |
| MONTGOMERY | 538 | 8 | 2.40 | \$3,584 |
| MOORE | 1,114 | 23 | 4.50 | \$7,663 |
| NASH | 1,303 | 28 | 5.80 | \$14,787 |
| NEW HANOVER | 1,835 | 42 | 4.70 | \$12,324 |
| NORTHAMPTON | 281 | 8 | 3.40 | \$8,111 |
| ONSLOW | 1,710 | 28 | 2.20 | \$5,213 |
| ORANGE | 778 | 39 | 5.70 | \$8,465 |
| PAMLICO | 221 | 8 | 2.00 | \$4,598 |
| PASQUOTANK | 582 | 10 | 5.40 | \$22,370 |
| PENDER | 696 | 13 | 2.30 | \$5,918 |
| PERQUIMANS | 217 | 4 | 1.80 | \$4,467 |
| PERSON | 436 | 6 | 2.70 | \$3,789 |
| PITT | 1,631 | 27 | 3.40 | \$8,275 |
| POLK | 267 | 1 | 14.00 | \$10,127 |
| RANDOLPH | 1,812 | 31 | 3.20 | \$4,743 |

Table 6
NC Health Choice
Utilization by County of Residence
October 2002 Through September 2003

| | <u>Members</u> | <u>Admissions</u> | <u>Average Length of Stay</u> | <u>Average Charge per Admission</u> |
|---|----------------|-------------------|-----------------------------------|---|
| Corporate Analysis and Risk Assessment Blue Cross Blue Shield of North Carolina December 19, 2003 | | | | |
| RICHMOND | 826 | 51 | 2.40 | \$4,446 |
| ROBESON | 2,130 | 54 | 6.20 | \$13,543 |
| ROCKINGHAM | 1,009 | 45 | 5.00 | \$9,594 |
| ROWAN | 1,413 | 37 | 3.30 | \$8,198 |
| RUTHERFORD | 799 | 22 | 4.50 | \$12,689 |
| SAMPSON | 1,084 | 19 | 3.50 | \$5,896 |
| SCOTLAND | 665 | 19 | 4.70 | \$7,947 |
| STANLY | 761 | 31 | 2.70 | \$5,110 |
| STOKES | 489 | 10 | 2.80 | \$4,914 |
| SURRY | 1,041 | 20 | 2.80 | \$7,215 |
| SWAIN | 500 | 20 | 2.80 | \$5,230 |
| TRANSYLVANIA | 454 | 13 | 3.20 | \$5,947 |
| TYRRELL | 134 | 3 | 2.30 | \$12,744 |
| UNION | 1,372 | 30 | 4.00 | \$11,046 |
| VANCE | 818 | 2 | 3.00 | \$3,603 |
| WAKE | 6,147 | 90 | 3.50 | \$7,742 |
| WARREN | 381 | 6 | 3.50 | \$6,700 |
| WASHINGTON | 237 | 3 | 1.30 | \$3,171 |
| WATAUGA | 534 | 14 | 2.40 | \$5,230 |
| WAYNE | 1,821 | 39 | 5.50 | \$11,710 |
| WILKES | 865 | 28 | 7.80 | \$18,521 |
| WILSON | 1,294 | 20 | 4.20 | \$7,703 |
| YADKIN | 406 | 5 | 7.20 | \$25,286 |
| YANCEY | 384 | 14 | 4.00 | \$11,004 |

Table 6
NC Health Choice
Utilization by County of Residence
October 2002 Through September 2003

| <u>Members</u> | <u>Admissions</u> | <u>Average Length of Stay</u> | <u>Average Charge per Admission</u> |
|---|-------------------|-----------------------------------|---|
| Corporate Analysis and Risk Assessment Blue Cross Blue Shield of North Carolina December 19, 2003 | | | |

Table 7
NC Health Choice
Inpatient Utilization Statistics for Mental Disorders¹
At Acute Care General Hospitals
October 2000 Through September 2003

| | | Admissions | Days | Admissions/ 10000 | Days/10000 | Average Length of Stay | Average Allowed Charge/Adm. | Average Allowed Charge/Day |
|--------------------------------|--------------------|------------|-------|----------------------|------------|------------------------------|-----------------------------------|----------------------------------|
| <u>Non Copay</u> | <u>2001</u> | 118 | 867 | 26.8 | 197.3 | 7.35 | \$6,101 | \$830 |
| | <u>2002</u> | 166 | 1,367 | 32.9 | 271.3 | 8.23 | \$7,039 | \$855 |
| | <u>2003</u> | 197 | 1,287 | 30.9 | 202.0 | 6.53 | \$7,023 | \$1,075 |
| <u>Copay</u> | <u>2001</u> | 68 | 489 | 27.9 | 200.5 | 7.19 | \$6,924 | \$963 |
| | <u>2002</u> | 87 | 560 | 30.1 | 193.5 | 6.44 | \$6,468 | \$1,005 |
| | <u>2003</u> | 99 | 700 | 25.9 | 183.0 | 7.07 | \$7,802 | \$1,103 |
| <u>Ext Coverage</u> | <u>2001</u> | 1 | 8 | N/A | N/A | N/A | N/A | N/A |
| | <u>2002</u> | 0 | 0 | N/A | N/A | N/A | N/A | N/A |
| | <u>2003</u> | 0 | 0 | N/A | N/A | N/A | N/A | N/A |
| <u>Total</u> | <u>2001</u> | 187 | 1,364 | 27.3 | 199.4 | 7.29 | \$6,405 | \$878 |
| | <u>2002</u> | 253 | 1,927 | 31.9 | 242.7 | 7.62 | \$6,843 | \$898 |
| | <u>2003</u> | 296 | 1,987 | 29.0 | 194.7 | 6.71 | \$7,283 | \$1,085 |
| <u>Norm</u> | | -- | -- | 22.1 | 186.2 | 8.00 | \$7,349 | \$871 |

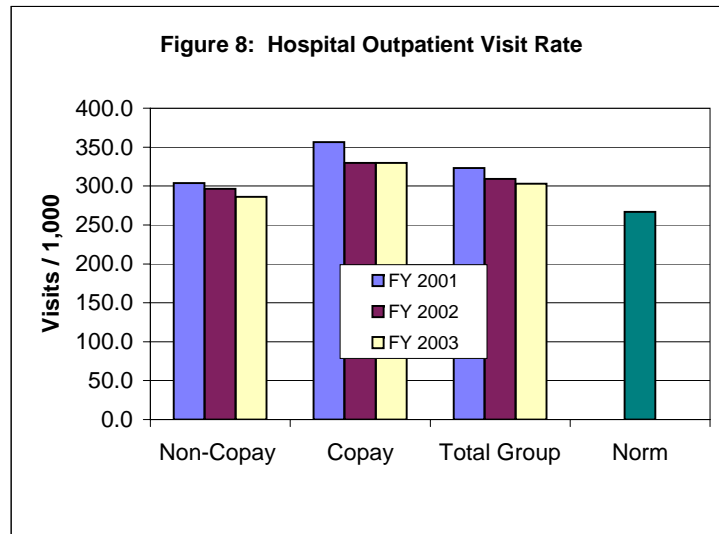
¹ Outlier claims (claims with a length of stay greater than 50 days or a total charge greater than \$30,000) have been excluded from these calculations.

Table 8
NC Health Choice
Inpatient Utilization Statistics for Mental Disorders¹
At Psychiatric Hospitals
October 2000 Through September 2003

| | | Admissions | Days | Admissions/ 10000 | Days/10000 | Average Length of Stay | Average Allowed Charge/Adm. | Average Allowed Charge/Day |
|--------------------------------|--------------------|------------|-------|----------------------|------------|------------------------------|-----------------------------------|----------------------------------|
| <u>Non Copay</u> | <u>2001</u> | 122 | 1,196 | 17.8 | 174.8 | 9.80 | \$5,720 | \$583 |
| | <u>2002</u> | 119 | 1,359 | 15.0 | 171.2 | 11.42 | \$6,898 | \$604 |
| | <u>2003</u> | 180 | 1,730 | 17.6 | 169.5 | 9.61 | \$6,456 | \$672 |
| <u>Copay</u> | <u>2001</u> | 61 | 519 | 8.9 | 75.9 | 8.51 | \$4,969 | \$584 |
| | <u>2002</u> | 80 | 735 | 10.1 | 92.6 | 9.19 | \$5,623 | \$612 |
| | <u>2003</u> | 81 | 735 | 7.9 | 72.0 | 9.07 | \$6,398 | \$705 |
| <u>Ext Coverage</u> | <u>2001</u> | 1 | 5 | N/A | N/A | N/A | N/A | N/A |
| | <u>2002</u> | 0 | 0 | N/A | N/A | N/A | N/A | N/A |
| | <u>2003</u> | 1 | 4 | N/A | N/A | N/A | N/A | N/A |
| <u>Total</u> | <u>2001</u> | 184 | 1,720 | 26.9 | 251.4 | 9.35 | \$5,460 | \$584 |
| | <u>2002</u> | 199 | 2,094 | 25.1 | 263.7 | 10.52 | \$6,386 | \$607 |
| | <u>2003</u> | 262 | 2,469 | 25.7 | 241.9 | 9.42 | \$6,424 | \$682 |
| <u>Norm</u> | | -- | -- | 13.3 | 109.3 | 8.00 | \$5,809 | \$706 |

¹ Outlier claims (claims with a length of stay greater than 50 days or a total charge greater than \$30,000) have been excluded from these calculations.

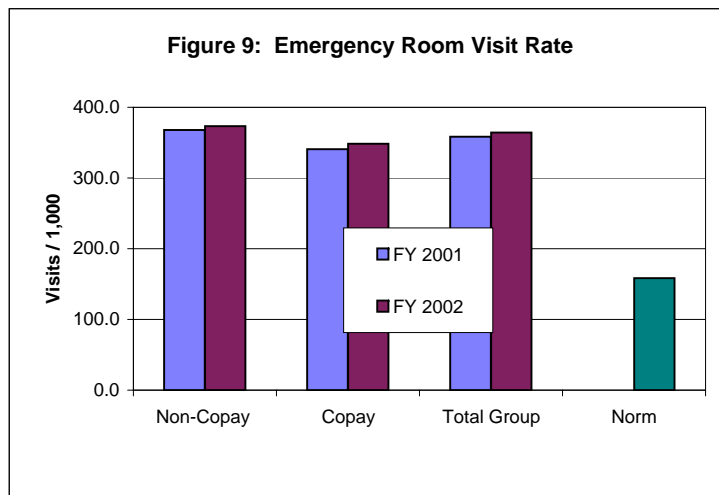
NC Health Choice Institutional Outpatient Utilization and Charges October 2000 Through September 2003



Utilization of the hospital outpatient setting remained relatively stable at 303.1 visits per 1,000 members in FY 2003 (Table 9). Utilization was 14 percent above the norm.

The visit rate for the Non-Copay segment fell 3 percent, while the Copay visit rate was unchanged. The Copay visit rate remained above that of the Non-Copay segment.

The average charge per visit was \$1,075. This was higher than that of FY 2002 (\$982) and was greater than the norm (\$1,019). The average charge increased for both segments



For the emergency room (ER) setting, utilization remained stable at 363.8 visits per 1,000 members in FY 2003.

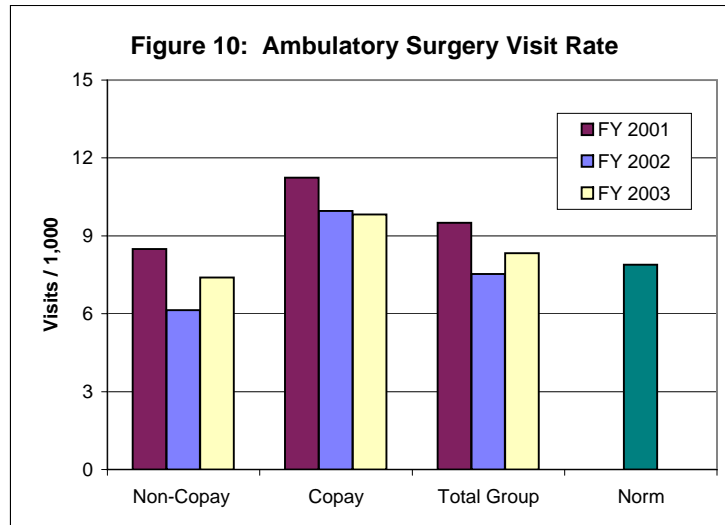
The ER visit rate was stable for both segments, following a slight increase in FY 2002, and remained well above the norm (130 percent higher)

Use of the ER setting for non-emergencies remained high (see Table 10) especially among the Non-Copay members.

There was a 10 percent increase in the average charge to \$576 per visit in FY 2003. This was 21 percent below the norm (\$725). The average charge increased for both segments in this setting.

NC Health Choice Institutional Outpatient Utilization and Charges October 2000 Through September 2003

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The visit rate for the ambulatory surgery setting increased 11 percent to 8.3 visits per 1,000 members in FY 2003 (Table 9). This increase was due to a 21 percent rise in utilization among Non-Copay members.

Utilization by Copay members continued to exceed that of Non-Copay members.

The average charge per visit increased 7 percent from FY 2002 and was 8 percent above the norm. Both segments contributed to this increase

Utilization by Copay members exceeded the norm in all three settings. The average charge per visit was below the norm in the ER setting, but above the norm for both the hospital outpatient and ambulatory surgery settings.

For the Non-Copay segment, utilization exceeded the norm in the hospital outpatient and ER setting and was below its respective norm in the ambulatory surgery setting. The average charge was above the norm in all settings except the ER setting.

**NC Health Choice
Institutional Outpatient Utilization and Charges
October 2000 Through September 2003**

Blue Cross Blue Shield of North Carolina
December 19, 2003

Table 9
NC Health Choice
Institutional Outpatient Utilization and Charge Statistics
October 2000 Through September 2003

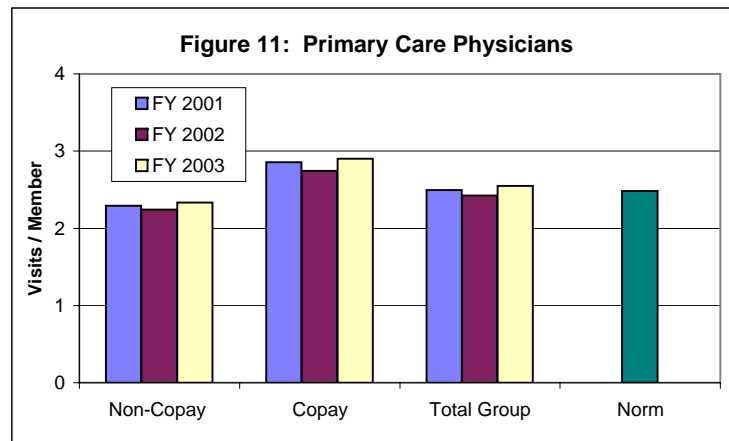
| | | Hospital Outpatient Dept. | | | Emergency Room | | | Ambulatory Surgical Centers | | |
|--------------------------------|-----------------------|---------------------------|------------------|-------------------------|----------------|------------------|-------------------------|-----------------------------|------------------|-------------------------|
| | | Visits | Visits/ 1,000 | Av. Charge per Visit | Visits | Visits/ 1,000 | Av. Charge per Visit | Visits | Visits/ 1,000 | Av. Charge per Visit |
| <u>Non-Copay</u> | <u>FY 2001</u> | 13,350 | 303.7 | \$817 | 16,168 | 367.9 | \$451 | 373 | 8.5 | \$2,437 |
| | <u>FY 2002</u> | 14,931 | 296.3 | \$964 | 18,818 | 373.4 | \$527 | 309 | 6.1 | \$2,572 |
| | <u>FY 2003</u> | 18,244 | 286.3 | \$1,065 | 23,956 | 375.9 | \$575 | 471 | 7.4 | \$2,748 |
| <u>Copay</u> | <u>FY 2001</u> | 8,687 | 356.3 | \$824 | 8,313 | 340.9 | \$462 | 274 | 11.2 | \$2,577 |
| | <u>FY 2002</u> | 9,541 | 329.8 | \$1,007 | 10,084 | 348.5 | \$524 | 288 | 10.0 | \$2,381 |
| | <u>FY 2003</u> | 12,621 | 329.9 | \$1,090 | 13,149 | 343.7 | \$580 | 376 | 9.8 | \$2,532 |
| <u>Ext Coverage</u> | <u>FY 2001</u> | 70 | N/A | N/A | 30 | N/A | N/A | 3 | N/A | N/A |
| | <u>FY 2002</u> | 58 | N/A | N/A | 22 | N/A | N/A | 1 | N/A | N/A |
| | <u>FY 2003</u> | 73 | N/A | N/A | 31 | N/A | N/A | 4 | N/A | N/A |
| <u>Total Group</u> | <u>FY 2001</u> | 22,107 | 323.1 | \$821 | 24,511 | 358.2 | \$455 | 650 | 9.5 | \$2,498 |
| | <u>FY 2002</u> | 24,530 | 308.9 | \$982 | 28,924 | 364.3 | \$526 | 598 | 7.5 | \$2,478 |
| | <u>FY 2003</u> | 30,938 | 303.1 | \$1,075 | 37,136 | 363.8 | \$576 | 851 | 8.3 | \$2,654 |
| <u>Norm</u> | <u>FY 2003</u> | -- | 266.9 | \$1,019 | -- | 158.3 | \$725 | -- | 7.9 | \$2,448 |

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Table 10
NC Health Choice
Emergency Room Utilization Statistics
October 2000 Through September 2003

| | | <u>Total ER Utilization</u> | | | <u>Emergent</u> | | | <u>Urgent</u> | | | <u>Non-Urgent</u> | | |
|--------------------------|----------------|-----------------------------|------------------|---------------------|-----------------|------------------|---------------------|---------------|------------------|---------------------|-------------------|------------------|---------------------|
| | | Visits | Visits/ 1,000 | Charge per Visit | Visits | Visits/ 1,000 | Charge per Visit | Visits | Visits/ 1,000 | Charge per Visit | Visits | Visits/ 1,000 | Charge per Visit |
| Non-Copay | FY 2001 | 16,168 | 367.9 | \$451 | 3,077 | 70.0 | \$743 | 6,837 | 155.6 | \$483 | 6,253 | 142.3 | \$411 |
| | FY 2002 | 16,168 | 373.4 | \$527 | 3,650 | 72.4 | \$913 | 7,906 | 156.9 | \$576 | 7,261 | 144.1 | \$464 |
| | FY 2003 | 23,956 | 375.9 | \$575 | 4,466 | 70.1 | \$1,005 | 10,293 | 161.5 | \$645 | 9,190 | 144.2 | \$525 |
| Copay | FY 2001 | 8,313 | 340.9 | \$462 | 1,764 | 72.3 | \$773 | 3,624 | 148.6 | \$478 | 2,923 | 119.9 | \$408 |
| | FY 2002 | 10,084 | 348.5 | \$524 | 2,161 | 74.7 | \$901 | 4,369 | 151.0 | \$553 | 3,553 | 122.8 | \$469 |
| | FY 2003 | 13,149 | 343.7 | \$580 | 2,675 | 69.9 | \$1,010 | 6,007 | 157.0 | \$634 | 4,464 | 116.7 | \$515 |
| Extended Coverage | FY 2001 | 30 | N/A | N/A | 4 | N/A | N/A | 12 | N/A | N/A | 14 | N/A | N/A |
| | FY 2002 | 22 | N/A | N/A | 6 | N/A | N/A | 10 | N/A | N/A | 6 | N/A | N/A |
| | FY 2003 | 31 | N/A | N/A | 4 | N/A | N/A | 16 | N/A | N/A | 11 | N/A | N/A |
| Total | FY 2001 | 24,511 | 358.2 | \$455 | 4,845 | 70.8 | \$754 | 10,473 | 153.1 | \$482 | 9,190 | 134.3 | \$411 |
| | FY 2002 | 28,924 | 364.3 | \$526 | 5,817 | 73.3 | \$909 | 12,285 | 154.7 | \$568 | 10,820 | 136.3 | \$466 |
| | FY 2003 | 37,136 | 363.8 | \$576 | 7,145 | 70.0 | \$1,007 | 16,316 | 159.8 | \$641 | 13,665 | 133.9 | \$522 |
| Norm | | -- | 158.3 | \$725 | -- | 42.3 | \$1,133 | -- | 63.7 | \$793 | -- | 52.2 | \$622 |

NC Health Choice Office Setting Utilization October 2000 Through September 2003

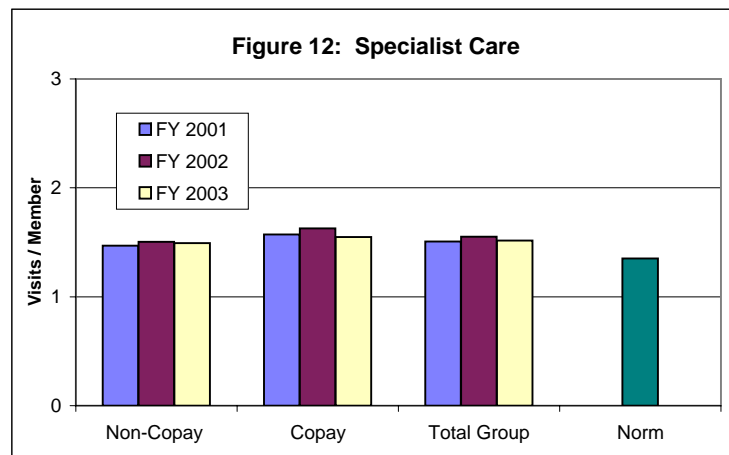


The primary care visit rate for the total group increased 5 percent to 2.5 visits per 1,000 members (Table 11). The rate was comparable to the norm

The visit rates for the Non-Copay members increased 4 percent while that of the Copay members increased 6 percent to 2.9 visits per member

Top diagnoses included health supervision of infant or child, acute upper respiratory infections, acute pharyngitis, and ear infections

The average charge per visit increased to \$72 in FY 2003 for both segments.



The specialist care visit rate for the total group decreased slightly to 1.5 visits per 1,000 members. The rate was slightly above the norm.

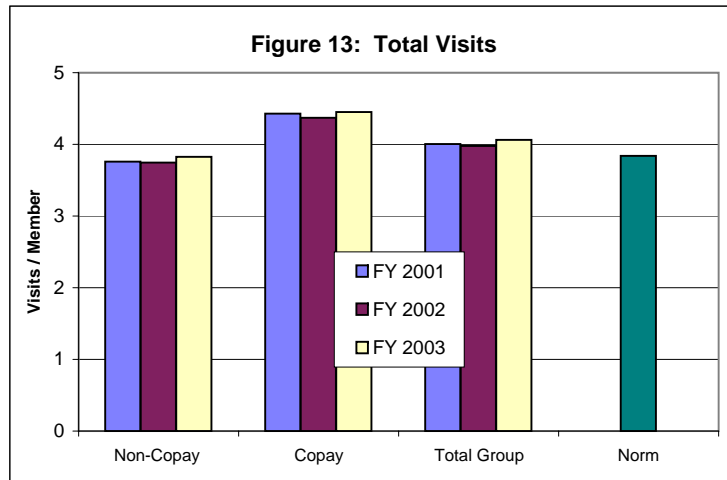
Both segments had fairly stable visit rates during FY 2003.

Top diagnoses were vision disorders and allergic rhinitis.

The most frequently visited specialists were optometrists followed by ear, nose, and throat.

The average charge per specialty visit increased to \$108.

NC Health Choice Office Setting Utilization October 2000 Through September 2003



The office visit rate for the total group remained stable at 4.1 admissions per member. The rate was 6 percent above the norm.

The visit rate for the Non-Copay members remained stable as did that of the Copay segment in FY 2003.

The average charge per office visit in FY 2003 was \$86, an increase of \$6 since FY 2002. The norm was \$86 as well.

The visit rate for the outpatient mental health setting decreased slightly in FY 2003 (Table 12). Although the rate fell for both segments, the decrease was slightly more pronounced among Copay members. Utilization was above the norm.

The total group experienced a decrease in the visit rate for both mental health and alcohol abuse visits, while the visit rate for drug abuse increased. In each case the total group's visit rate was above the norm.

Among members having at least one outpatient mental health visit, the visit rate remained stable and was higher than the norm (for both segments).

Table 11
NC Health Choice
Office Utilization and Charge Statistics
October 2000 Through September 2003

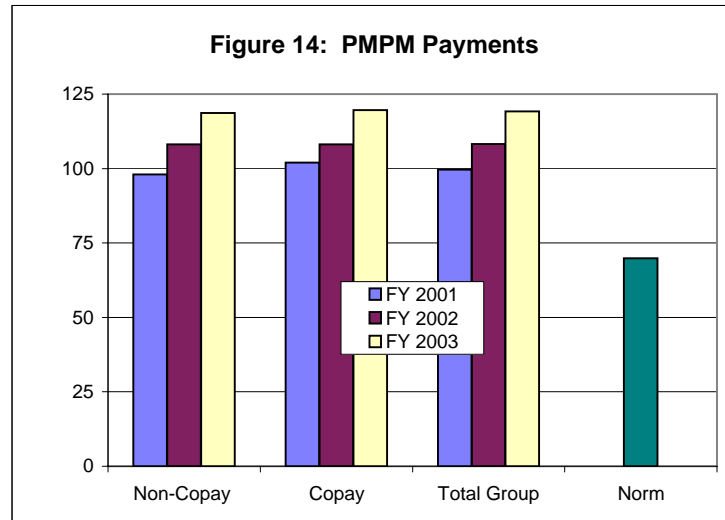
| | | <u>Total</u> | | | <u>Primary Care</u> | | | <u>Specialist Care</u> | | |
|------------------------------|----------------|---------------------|-------------------|---------------------|----------------------------|-------------------|---------------------|-------------------------------|-------------------|---------------------|
| | | Visits | Visits/ person | Charge per Visit | Visits | Visits/ person | Charge per Visit | Visits | Visits/ person | Charge per Visit |
| Non-Copay | FY 2001 | 165,279 | 3.8 | \$76 | 100,771 | 2.3 | \$63 | 64,508 | 1.5 | \$97 |
| | FY 2002 | 188,724 | 3.7 | \$81 | 112,902 | 2.2 | \$66 | 75,822 | 1.5 | \$103 |
| | FY 2003 | 243,908 | 3.8 | \$87 | 148,825 | 2.3 | \$72 | 95,083 | 1.5 | \$109 |
| Copay | FY 2001 | 108,002 | 4.4 | \$75 | 69,680 | 2.9 | \$63 | 38,322 | 1.6 | \$95 |
| | FY 2002 | 126,481 | 4.4 | \$79 | 79,395 | 2.7 | \$67 | 47,086 | 1.6 | \$99 |
| | FY 2003 | 170,284 | 4.5 | \$85 | 111,000 | 2.9 | \$72 | 59,284 | 1.5 | \$107 |
| Extended Coverage | FY 2001 | 569 | N/A | N/A | 318 | N/A | N/A | 251 | N/A | N/A |
| | FY 2002 | 565 | N/A | N/A | 305 | N/A | N/A | 260 | N/A | N/A |
| | FY 2003 | 673 | N/A | N/A | 415 | N/A | N/A | 258 | N/A | N/A |
| Total | FY 2001 | 273,850 | 4.0 | \$76 | 170,769 | 2.5 | \$63 | 103,081 | 1.5 | \$96 |
| | FY 2002 | 315,770 | 4.0 | \$80 | 192,602 | 2.4 | \$66 | 123,168 | 1.6 | \$101 |
| | FY 2003 | 414,865 | 4.1 | \$86 | 260,240 | 2.5 | \$72 | 154,625 | 1.5 | \$108 |
| Norm | | -- | 3.8 | \$86 | -- | 2.5 | \$76 | -- | 1.4 | \$103 |

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Table 12
NC Health Choice
Outpatient Mental Health Utilization Statistics
October 2000 Through September 2003

| | | Mental Health | | Alcohol Abuse | | Drug Abuse | | Grand Total | |
|------------------------|----------------|------------------|---|------------------|---|------------------|--|------------------|---|
| | | Visits/ 1,000 | Visits/ Member with at least One Visit | Visits/ 1,000 | Visits/ Member with at least One Visit | Visits/ 1,000 | Visits/ Member with at least One Visit | Visits/ 1,000 | Visits/ Member with at least One Visit |
| Non- Copoly | FY 2001 | 744.5 | 5.9 | 3.2 | 3.6 | 17.2 | 6.7 | 764.9 | 6.0 |
| | FY 2002 | 854.3 | 6.5 | 3.7 | 3.9 | 17.6 | 5.2 | 875.6 | 6.6 |
| | FY 2003 | 834.1 | 6.5 | 2.8 | 5.8 | 24.5 | 10.2 | 861.5 | 6.6 |
| Copoly | FY 2001 | 766.8 | 6.4 | 0.9 | 1.6 | 19.2 | 7.4 | 787.0 | 6.5 |
| | FY 2002 | 816.1 | 6.5 | 1.7 | 4.2 | 22.6 | 8.1 | 840.4 | 6.6 |
| | FY 2003 | 786.6 | 6.5 | 0.8 | 2.5 | 15.7 | 7.2 | 803.1 | 6.6 |
| Total | FY 2001 | 752.7 | 6.1 | 2.6 | 3.2 | 17.9 | 7.0 | 773.2 | 6.2 |
| | FY 2002 | 841.3 | 6.5 | 3.0 | 3.9 | 19.4 | 6.2 | 863.7 | 6.6 |
| | FY 2003 | 817.7 | 6.5 | 2.1 | 4.8 | 21.2 | 9.2 | 841.0 | 6.6 |
| Norm | | 444.1 | 5.4 | 1.6 | 2.9 | 5.6 | 4.2 | 451.3 | 5.4 |

NC Health Choice Payments Per Member Per Month October 2000 Through September 2003



The payment per member per month (pmpm) for the total group increased during FY 2003 to \$119.16 (Table 13). This was higher than norm

Payments pmpm for the Non-Copay segment increased 10 percent and those of the Copay segment increased 11 percent

For the Non-Copay segment, professional payments pmpm grew by \$8, reflecting a rise in payments for office visits and prescription drugs.

For the Copay members, institutional payments increased \$4 pmpm. Professional payments increased \$7 pmpm, again due to higher payments for office visits and prescription drugs.

Institutional payments for both segments were greater than the norm, as were professional payments.

Payments pmpm for most diagnostic categories were higher than the norm (Table 15). Payments for mental disorders, nervous system diseases, respiratory diseases, digestive diseases, and "other" (including drugs) were significantly higher than the norm. Payments pmpm for congenital anomalies and perinatal conditions were well below the norm.

Dental payments (which were not included in the figures above) were \$17.68 per member per month in FY 2003 (Table 16). Payments increased by about \$7 pmpm since FY 2002 (data not shown).

Payments for special needs claims amounted to \$5.48 PMPM in FY 2003, an increase of approximately \$4 PMPM.

Costly admissions (admissions which incurred payments greater than \$50,000) added \$1 to the PMPM payment (Tables 17 & 18). This number is almost twice the FY 2002 payment PMPM for costly admissions and may grow as more claims are processed.

Table 13
NC Health Choice
Per Member per Month Payments, by Place of Service
October 2000 Through September 2003

| | | <u>Institutional</u> | | | | | <u>Professional</u> | | | | | <u>Grand Total</u> | |
|------------------|----------------|----------------------|-------------------|------------------|-------------------|----------------------|---------------------|-------------------|---------------|--------------|--------------|---------------------|-----------------|
| | | <u>Acute Care</u> | | <u>Specialty</u> | | <u>Total</u> | | | | | | <u>Total</u> | |
| | | <u>Inpatient</u> | <u>Outpatient</u> | <u>Inpatient</u> | <u>Outpatient</u> | <u>Institutional</u> | <u>Inpatient</u> | <u>Outpatient</u> | <u>Office</u> | <u>Drugs</u> | <u>Other</u> | <u>Professional</u> | |
| Non-Copay | FY 2001 | \$10.62 | \$22.79 | \$1.41 | \$0.64 | \$35.45 | \$3.23 | \$10.67 | \$29.15 | \$17.61 | \$1.96 | \$62.62 | \$98.07 |
| | FY 2002 | \$10.75 | \$26.03 | \$2.06 | \$0.77 | \$39.60 | \$3.35 | \$10.93 | \$32.46 | \$19.21 | \$2.58 | \$68.53 | \$108.13 |
| | FY 2003 | \$10.71 | \$28.29 | \$1.94 | \$0.70 | \$41.65 | \$3.13 | \$10.28 | \$35.44 | \$24.32 | \$3.80 | \$76.98 | \$118.63 |
| Copay | FY 2001 | \$11.49 | \$24.63 | \$1.60 | \$0.71 | \$38.44 | \$3.24 | \$11.62 | \$31.09 | \$14.18 | \$3.46 | \$63.60 | \$102.04 |
| | FY 2002 | \$10.23 | \$27.12 | \$1.10 | \$0.93 | \$39.38 | \$3.61 | \$11.39 | \$33.62 | \$15.96 | \$4.14 | \$68.72 | \$108.10 |
| | FY 2003 | \$11.50 | \$30.17 | \$1.51 | \$0.52 | \$43.69 | \$3.13 | \$10.82 | \$36.48 | \$20.29 | \$5.16 | \$75.88 | \$119.58 |
| Ext Cov | FY 2001 | \$22.94 | \$57.52 | \$2.78 | \$1.51 | \$84.75 | \$6.22 | \$35.09 | \$42.31 | \$48.86 | \$10.86 | \$143.33 | \$228.08 |
| | FY 2002 | \$20.81 | \$68.07 | \$0.00 | \$0.11 | \$88.98 | \$6.45 | \$28.09 | \$64.98 | \$50.63 | \$28.71 | \$178.85 | \$267.83 |
| | FY 2003 | \$9.43 | \$67.87 | \$2.09 | \$0.08 | \$79.47 | \$1.63 | \$17.23 | \$66.07 | \$58.04 | \$87.90 | \$230.87 | \$310.33 |
| Total | FY 2001 | \$10.94 | \$23.49 | \$1.48 | \$0.67 | \$36.58 | \$3.24 | \$11.04 | \$29.86 | \$16.43 | \$2.51 | \$63.07 | \$99.65 |
| | FY 2002 | \$10.57 | \$26.46 | \$1.71 | \$0.83 | \$39.57 | \$3.45 | \$11.11 | \$32.91 | \$18.06 | \$3.17 | \$68.70 | \$108.27 |
| | FY 2003 | \$11.00 | \$29.03 | \$1.78 | \$0.64 | \$42.45 | \$3.13 | \$10.49 | \$35.86 | \$22.84 | \$4.39 | \$76.71 | \$119.16 |
| Norm | | \$14.79 | \$15.32 | \$0.95 | \$0.59 | \$31.65 | \$4.64 | \$5.27 | \$14.08 | \$11.34 | \$2.91 | \$38.24 | \$69.90 |

Table 14
NC Health Choice
Total Payments by Place of Service
October 2000 Through September 2003

| | | <u>Institutional</u> | | | | | <u>Professional</u> | | | | | <u>Grand Total</u> | |
|-----------|---------|----------------------|-------------------|------------------|-------------------|----------------------------|---------------------|-------------------|---------------|--------------|--------------|---------------------------|---------------|
| | | <u>Acute Care</u> | | <u>Specialty</u> | | <u>Total Institutional</u> | | | | | | <u>Total Professional</u> | |
| | | <u>Inpatient</u> | <u>Outpatient</u> | <u>Inpatient</u> | <u>Outpatient</u> | | <u>Inpatient</u> | <u>Outpatient</u> | <u>Office</u> | <u>Drugs</u> | <u>Other</u> | | |
| Non-Copay | FY 2001 | \$5,598,751 | \$12,019,588 | \$742,439 | \$336,803 | \$18,697,580 | \$1,704,588 | \$5,625,770 | \$15,375,293 | \$9,287,042 | \$1,033,933 | \$33,026,626 | \$51,724,206 |
| | FY 2002 | \$6,499,198 | \$15,738,896 | \$1,247,743 | \$462,799 | \$23,948,636 | \$2,025,049 | \$6,607,872 | \$19,628,950 | \$11,615,825 | \$1,560,042 | \$41,437,738 | \$65,386,374 |
| | FY 2003 | \$8,189,288 | \$21,636,772 | \$1,484,104 | \$538,505 | \$31,310,164 | \$2,391,096 | \$7,864,784 | \$27,106,306 | \$18,601,613 | \$2,908,825 | \$58,872,624 | \$90,182,788 |
| | | | | | | | | | | | | | |
| Copay | FY 2001 | \$3,361,535 | \$7,206,897 | \$469,134 | \$209,158 | \$11,246,724 | \$947,194 | \$3,401,224 | \$9,098,179 | \$4,150,207 | \$1,013,254 | \$18,610,059 | \$29,856,783 |
| | FY 2002 | \$3,550,499 | \$9,415,372 | \$382,793 | \$324,038 | \$13,672,701 | \$1,252,602 | \$3,953,043 | \$11,673,371 | \$5,542,933 | \$1,438,550 | \$23,860,500 | \$37,533,201 |
| | FY 2003 | \$5,278,828 | \$13,848,347 | \$691,018 | \$239,367 | \$20,057,560 | \$1,439,012 | \$4,969,260 | \$16,746,620 | \$9,312,601 | \$2,369,821 | \$34,837,314 | \$54,894,873 |
| | | | | | | | | | | | | | |
| Ext Cov | FY 2001 | \$23,909 | \$59,935 | \$2,895 | \$1,571 | \$88,309 | \$6,480 | \$36,569 | \$44,082 | \$50,908 | \$11,313 | \$149,351 | \$237,660 |
| | FY 2002 | \$18,746 | \$61,329 | \$0 | \$98 | \$80,172 | \$5,812 | \$25,305 | \$58,543 | \$45,619 | \$25,866 | \$161,145 | \$241,318 |
| | FY 2003 | \$10,502 | \$75,606 | \$2,331 | \$91 | \$88,529 | \$1,815 | \$19,196 | \$73,601 | \$64,656 | \$97,917 | \$257,184 | \$345,713 |
| | | | | | | | | | | | | | |
| Total | FY 2001 | \$8,984,194 | \$19,286,419 | \$1,214,468 | \$547,531 | \$30,032,613 | \$2,658,262 | \$9,063,563 | \$24,517,554 | \$13,488,157 | \$2,058,500 | \$51,786,037 | \$81,818,650 |
| | FY 2002 | \$10,068,442 | \$25,215,597 | \$1,630,535 | \$786,935 | \$37,701,509 | \$3,283,464 | \$10,586,220 | \$31,360,864 | \$17,204,377 | \$3,024,458 | \$65,459,383 | \$103,160,892 |
| | FY 2003 | \$13,478,619 | \$35,560,725 | \$2,177,452 | \$777,963 | \$51,994,758 | \$3,831,922 | \$12,853,239 | \$43,926,527 | \$27,978,870 | \$5,376,563 | \$93,967,121 | \$145,961,879 |

Corporate Analysis and Risk Assessment
Blue Cross Blue Shield of North Carolina
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Table 15
NC Health Choice
PMPM Payments by Diagnostic Category
October 2002 Through September 2003

| | <u>Total Payments</u> | <u>Payments per Member per</u> | |
|--|-----------------------|--------------------------------|--------------|
| | <u>NCHC</u> | <u>Month</u> | <u>Month</u> |
| | <u>NCHC</u> | <u>NCHC</u> | <u>Norm</u> |
| Infectious and Parasitic Diseases | \$3,408,059 | \$2.78 | \$1.01 |
| Neoplasms | \$2,668,146 | \$2.18 | \$2.66 |
| Endocrine, Nutritional and Metabolic Diseases and Immunity Diseases | \$2,047,083 | \$1.67 | \$1.31 |
| Diseases of Blood and Blood-Forming Organs | \$2,037,470 | \$1.66 | \$2.10 |
| Mental Disorders | \$15,690,988 | \$12.81 | \$4.40 |
| Diseases of the Nervous System and Sense Organs | \$12,438,031 | \$10.15 | \$4.54 |
| Circulatory Diseases | \$1,738,773 | \$1.42 | \$0.78 |
| Respiratory Diseases | \$17,749,473 | \$14.49 | \$5.70 |
| Digestive Diseases | \$7,859,401 | \$6.42 | \$2.53 |
| Genitourinary Diseases | \$4,192,852 | \$3.42 | \$1.51 |
| Pregnancies | \$267,156 | \$0.22 | \$0.10 |
| Skin Diseases | \$2,229,705 | \$1.82 | \$0.68 |
| Musculoskeletal Diseases | \$6,824,374 | \$5.57 | \$3.43 |
| Congenital Anomalies | \$2,897,865 | \$2.37 | \$3.66 |
| Perinatal Conditions | \$112,647 | \$0.09 | \$6.76 |
| Ill-Defined Conditions | \$12,924,590 | \$10.55 | \$4.75 |
| Injury and Poisoning | \$16,217,677 | \$13.24 | \$7.20 |
| Other (Includes Drugs) | \$34,461,100 | \$28.13 | \$16.70 |

Table 16
NC Health Choice
Frequency and Costs of Select Office Procedures
October 2002 Through September 2003

| | <u>Non-Copay</u> | <u>Copay</u> | <u>Total Group</u> |
|----------------------------|------------------|--------------|--------------------|
| Dental | | | |
| Claims | 198,673 | 112,620 | 311,599 |
| Payments PMPM | \$18.13 | \$16.93 | \$17.68 |
| Hearing | | | |
| Claims | 74 | 33 | 107 |
| Payments PMPM | \$0.04 | \$0.03 | \$0.03 |
| Immunization | | | |
| Claims | 8,710 | 10,953 | 19,678 |
| Payments PMPM | \$0.14 | \$0.29 | \$0.20 |
| Vision | | | |
| Claims | 31,208 | 15,350 | 46,598 |
| Payments PMPM | \$2.70 | \$2.18 | \$2.51 |
| Well Child | | | |
| Claims | 19,104 | 16,886 | 35,990 |
| Payments PMPM | \$2.08 | \$2.97 | \$2.41 |
| Special Needs ¹ | | | |
| Claims | 25,380 | 14,183 | 39,588 |
| Payments PMPM | \$6.07 | \$4.52 | \$5.48 |

¹ Includes institutional as well as professional claims.

Table 17
NC Health Choice
Costly Admissions¹ to Acute Care Hospitals
October 2001 to September 2002

| <u>Diagnosis</u> | <u>APDRG</u> | <u>Age</u> | <u>Sex</u> | <u>Length of Stay</u> | <u>Charged</u> | <u>Paid</u> | <u>Provider</u> | <u>Transplant</u> | <u>Segment</u> |
|--------------------------------|--------------|------------|------------|-----------------------|--------------------|--------------------|---------------------------------|-------------------|----------------|
| BRAIN HEMORRHAGE NEC, COMA NOS | 483 | 16 | M | 26 | \$139,465 | \$139,321 | MEMORIAL MISSION HOSPITAL | | Non-Copay |
| FX SACRUM/COCCYX-CLOSED | 483 | 18 | F | 52 | \$140,109 | \$138,076 | ERLANGER MED CTR | | Non-Copay |
| POISONING-HALLUCINOGENS | 483 | 19 | M | 25 | \$137,904 | \$136,345 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| FX FEMUR SHAFT, OPEN | 212 | 11 | M | 42 | \$95,726 | \$95,366 | FORSYTH MEMORIAL HOSPITAL | | Non-Copay |
| COMPRESSION OF BRAIN | 738 | 17 | F | 19 | \$74,134 | \$74,010 | NORTH SHORE UNIVERSIT | | Non-Copay |
| GREAT VEIN ANOMALY NEC | 468 | 1 | F | 30 | \$72,822 | \$72,257 | CAROLINAS MEDICAL CENTER | | Copay |
| COMPLETE LESION SPINAL CORD, C | 792 | 15 | M | 11 | \$72,963 | \$71,078 | CAPE FEAR VALLEY MEDICAL CENTER | | Non-Copay |
| SUBARACHNOID HEMORRHAGE, COMA | 792 | 16 | M | 26 | \$71,849 | \$70,646 | MOORE REGIONAL HOSPITAL | | Non-Copay |
| MALIG NEO BRAIN NOS | 530 | 3 | M | 13 | \$66,062 | \$65,696 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| IDIOPATHIC SCOLIOSIS | 806 | 14 | F | 9 | \$61,985 | \$61,488 | MEMORIAL MISSION HOSPITAL | | Non-Copay |
| FX TIBIA W/FIBULA NOS, OPEN | 793 | 17 | M | 16 | \$57,100 | \$55,286 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| REHABILITATION PROC NOS | 462 | 15 | M | 38 | \$58,669 | \$54,904 | CAPE FEAR VALLEY MEDICAL CENTER | | Non-Copay |
| T7-T12 FX-CLOSED, CORD INJURY | 731 | 15 | M | 19 | \$54,228 | \$53,850 | PITT COUNTY MEMORIAL HOSPITAL | | Non-Copay |
| SUBDURAL HEMORRHAGE | 533 | 16 | M | 6 | \$52,763 | \$52,758 | PITT COUNTY MEMORIAL HOSPITAL | | Copay |
| RESP SYNCYT VIRAL PNEUM | 475 | 0 | M | 27 | \$51,864 | \$51,263 | DUKE UNIVERSITY HOSPITAL | | Copay |
| TOTAL | | | | | \$1,207,644 | \$1,192,345 | | | |

¹ Admissions with payments exceeding \$50,000.

Table 17
NC Health Choice
Costly Admissions¹ to Acute Care Hospitals
October 2002 to September 2003

| <u>Diagnosis</u> | <u>APDRG</u> | <u>Age</u> | <u>Sex</u> | <u>Length of Stay</u> | <u>Charged</u> | <u>Paid</u> | <u>Provider</u> | <u>Transplant</u> | <u>Segment</u> |
|--------------------------------|--------------|------------|------------|-----------------------|-----------------------|-----------------------|--------------------------------------|-------------------|----------------|
| CEREBRAL ARTERY OCCLUS NOS W/I | 483 | 17 | M | 113 | \$342,412.25 | \$336,256.80 | NORTH CAROLINA BAPTIST HOSPITAL | | Copay |
| CHRONIC HEPATITIS NEC | 480 | 14 | M | 82 | \$231,593.94 | \$268,874.80 | U N C HOSPITALS | | Copay |
| ACUTE PANCREATITIS | 556 | 15 | F | 84 | \$198,905.43 | \$197,967.60 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| BRAIN HEMORRHAGE NEC, DEEP COM | 483 | 16 | F | 33 | \$161,834.94 | \$161,824.94 | CAPE FEAR VALLEY MEDICAL CENTER | | Copay |
| AC LYMPHOID LEUKEMIA W/O REMIS | 803 | 17 | M | 38 | \$159,576.48 | \$159,576.48 | DUKE UNIVERSITY HOSPITAL | | Non-Copay |
| T7-T12 FX-OPEN, CORD INJURY NO | 483 | 18 | M | 30 | \$154,620.22 | \$152,929.22 | DUKE UNIVERSITY HOSPITAL | | Non-Copay |
| CLOSED SKULL BASE FX, COMA NOS | 483 | 15 | M | 28 | \$148,596.21 | \$148,408.40 | PITT COUNTY MEMORIAL HOSPITAL | | Copay |
| LYMPHOMA NEC, ABDOMEN | 579 | 13 | M | 62 | \$116,448.02 | \$115,143.02 | PITT COUNTY MEMORIAL HOSPITAL | | Non-Copay |
| AORTIC VALVE DISORDER | 545 | 12 | M | 28 | \$102,192.05 | \$93,658.09 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| SUPPURAT PERITONITIS NEC | 585 | 12 | F | 47 | \$83,074.34 | \$82,557.14 | U N C HOSPITALS | | Copay |
| TRAUMATIC BRAIN HEMORRHAGE NEC | 733 | 16 | F | 46 | \$81,013.00 | \$81,013.00 | WAKEMED | | Copay |
| 2ND DEG BURN TRUNK, CHEST WALL | 827 | 1 | M | 19 | \$83,534.15 | \$79,380.46 | U N C HOSPITALS | | Copay |
| 2ND DEG BURN, LEG MULT SITES | 828 | 7 | M | 27 | \$85,004.65 | \$73,243.25 | CHILDRENS HOSP OF THE KINGS DAUGHTER | | Non-Copay |
| REHABILITATION PROCEDURES NEC | 462 | 15 | M | 44 | \$83,181.72 | \$72,597.82 | PITT COUNTY MEMORIAL HOSPITAL | | Copay |
| HTN RENAL NOS W/RENAL FAILURE | 302 | 18 | M | 6 | \$49,123.14 | \$72,498.14 | NORTH CAROLINA BAPTIST HOSPITAL | | Non-Copay |
| 3RD DEG BURN TRUNK, CHEST WALL | 823 | 10 | M | 23 | \$72,932.98 | \$69,671.55 | U N C HOSPITALS | | Non-Copay |
| HTN RENAL NOS W/RENAL FAILURE | 302 | 18 | M | 7 | \$49,947.29 | \$66,825.94 | CAROLINAS MEDICAL CENTER | | Copay |
| CLOSED SKULL VAULT FX W/O COMA | 793 | 15 | F | 13 | \$66,613.44 | \$66,494.44 | CAROLINAS MEDICAL CENTER | | Non-Copay |
| CEREBRAL ARTERY OCCLUS NOS W/I | 530 | 13 | M | 29 | \$66,150.73 | \$64,701.13 | CAROLINAS MEDICAL CENTER | | Non-Copay |
| ACUTE MYELOID LEUKEMIA W/O REM | 576 | 16 | M | 38 | \$63,025.95 | \$63,025.95 | DUKE UNIVERSITY HOSPITAL | | Non-Copay |
| CEREBROVASCULAR SYSTEM ANOMALY | 739 | 10 | F | 9 | \$68,602.07 | \$60,006.96 | CHILDRENS HOSP OF THE KINGS DAUGHTER | | Non-Copay |
| REACTION, NEURO DEVICE/GRAFT | 738 | 2 | F | 20 | \$59,595.68 | \$58,697.48 | U N C HOSPITALS | | Copay |
| FX FEMUR SHAFT, CLOSED | 793 | 14 | F | 9 | \$60,379.26 | \$57,856.21 | PITT COUNTY MEMORIAL HOSPITAL | | Non-Copay |
| ACUTE NECROSIS OF LIVER | 556 | 6 | M | 21 | \$53,502.11 | \$52,812.39 | U N C HOSPITALS | | Copay |
| PULMONARY VALVE DISORDER | 105 | 18 | M | 4 | \$52,622.44 | \$52,622.44 | DUKE UNIVERSITY HOSPITAL | | Copay |
| SPLEEN DISRUPTION, CLOSED | 793 | 11 | F | 12 | \$51,819.07 | \$51,700.07 | CAROLINAS MEDICAL CENTER | | Non-Copay |
| TOTAL | | | | | \$2,746,301.56 | \$2,760,343.72 | | | |

1 Admissions with payments exceeding \$50,000.